

# **Srei Fair Practices Code**

(Effective from August 14, 2021)

## **Short title, Extent and Commencement**

Every Non-Banking Financial Company [“NBFC”] having customer interface shall formulate a Fair Practices Code (FPC) in accordance with Chapter VI of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India. FPC is a critical corporate governance requirement with respect to lending activities undertaken by an NBFC. This Code may be called as “**Srei Fair Practices Code**”.

This shall extend to all sections of the Company dealing directly or indirectly with customers in relation to any and all kinds of activities involving credit and finance, in any makeover/ restructuring. It was last reviewed & approved on 17<sup>th</sup> April 2021 by Credit & Investment Committee of the Company.

## **The Objectives of Srei Fair Practices Code is:**

- To ensure transparency in the Company’s dealings with Customers
- To ensure adherence/ compliance with legal norms
- To strengthen mechanisms for redress of the customers’ grievances.

## **Definitions**

For the purpose of the Code, the words Application Form shall mean an application in the prescribed format of the Company to be duly filled-in and submitted to the Company by a prospective Customer furnishing all information and particulars required therein in their true and original forms seeking sanction of a Facility from the Company on certain specified terms and conditions as may be stipulated by the Company at its sole discretion and in line with applicable laws.

Company shall mean any and all offices of Srei Infrastructure Finance Limited. Facilities shall mean and cover any and all types of financing and asset provisions arrangements of different nature and modes like loan, lease, etc. under various financing schemes and policies of the Company as prevailing from time to time. Other words & expressions used and not defined in the Codes herein shall have, unless the context otherwise requires, the meaning respectively assigned to them in the relevant Agreement signed / to be signed and executed by the Customer for availment of a Facility sanctioned to the applicant by the Company.

## **Srei Fair Practices Code**

### **(i) Applications for facilities and their processing**

- a) All communications to the Customer shall be in English / Vernacular or other language as understood by the Customer.
- b) Facility application forms shall include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decision can be taken by the borrower. Documents required to be submitted with the application form shall be mentioned in the form.

- c) Acknowledgement receipt of all facility applications to be issued with indicative time frame for disposal.

**(ii) Facility appraisal and terms/conditions**

- (a) The Company will convey in writing to the borrower in English or vernacular/other language as understood by the borrower by means of sanction letter or otherwise, the amount of facility sanctioned along with terms and conditions including annualized rate of interest and method of application thereof and keep acceptance of these terms and conditions by the borrower on its record.
- (b) A copy of the facility agreement as understood by the borrower along with a copy each of all enclosures quoted in the facility agreement shall be furnished to all the borrowers at the time of sanction / disbursement of facilities. Penal interest charged for late repayment should be mentioned in bold in the facility agreement.

**(iii) Disbursement and changes in terms and conditions**

- a) Notice to the borrower of any change in the terms and conditions including disbursement schedule, interest rates, processing charges, prepayment charges, etc shall be furnished in English or vernacular /other language as understood by the borrower. Any changes in interest rates and charges are effected only prospectively. A suitable condition in this regard shall be incorporated in the facility agreement.
- b) Decision to recall / accelerate payment or performance under the agreement shall be in consonance with the facility agreement.
- c) The Company shall release all securities on repayment of all dues or on realization of the entire outstanding amount of the facility subject to any legitimate right or lien for any other claims may have against borrower. If such right of set off is to be exercised, the borrower shall be given notice about the same with full particulars about the remaining claims and the conditions under which the Company is entitled to retain the securities till the relevant claim is settled/ paid.

**(iv) General**

- a) The Company shall refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the facility agreement (unless new information, not earlier disclosed by the borrower, has come to the notice of the Company).
- b) In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e. objection of the Company, if any, the Company shall convey within 21 (twenty one) days from the date of receipt of proper request. Such transfer shall be as per transparent contractual terms in consonance with law.
- c) In the matter of recovery of facilities, the Company shall not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of facility, etc. The staffs are adequately trained to deal with the customers in an appropriate manner.

#### **(v) Grievance Redressal Mechanism**

- a) The Company has laid down the appropriate grievance redressal mechanism within the organization to resolve disputes. Such a mechanism ensures that all disputes arising out of the decisions of the functionaries are heard and disposed of at least at the next higher level.
- b) The Risk Committee of the Board (RCB) or any other Committee authorized by the Board of Director shall periodical review the compliance of the Fair Practices Code and the functioning of the grievance redressal mechanism at various levels of management. A consolidated report of such reviews shall be submitted to the Board of Directors at regular intervals, as may be prescribed by it.
- c) Response to a complaint would be given within a period of one month from the date of lodgement of complaint, unless the nature of complaint requires verification of voluminous facts and figures.
- d) Contact details of Grievance Redressal Officer: Company Secretary, Srei Infrastructure Finance Limited, "Vishwakarma", 86 C Topsia Road (South), Kolkata 700 046, Telephone No +91 33 6160 7734, Fax +91 33 2285 7542/ 8501, Email: grievanceredressal@srei.com.
- e) If the complaint/ dispute is not redressed within a period of one month, the customer may appeal to the Officer-in Charge, Department of Non-Banking Supervision, 5th Floor, Reserve Bank of India, 15, Netaji Subhas Road, Kolkata 700 001, India. Tel: +91 33 2230 3299, Fax: +91 33 2230 9589.

#### **(vi) Regulation of Interest to be charged from the borrower**

- a) The Company has laid out appropriate internal principles and procedures in determining interest rates and processing & other charges.
- b) The Company has adopted an interest rate model taking into account relevant factors such as, cost of funds, margin and risk premium, etc. and determined the rate of interest to be charged for facilities and advances. The rate of interest is decided at the level of competent sanctioning authority based on the internal rating, security offered for the financial assistance, duration of financial assistance and risk associated. Interest yield is determined as a combination of Up-front fee/ processing fee, management fee and monthly/ quarterly interest payment. The approach for gradations of risk based on internal credit rating and rationale for charging different rate of interest to different categories of borrowers is followed in the Company, which is transparently detailed with break-up in the Detailed Appraisal Report (DAR) put up to the Sanctioning authority for approval.
- c) Internal Credit Rating Model has been adopted for gradation of risks which is adopted to determine the rates of interest. All floating interest rates are linked to Srei Benchmark Rate/ Srei Prime Lending Rate, which are published on the website and are updated whenever there is a change in the rates of interest.
- d) The rate of interest to be charged to the account will also be mentioned in annualized form.

**(vii) Complaints about excessive interest charged by NBFCs**

The company has laid down appropriate internal principles and procedures in determining interest rates and processing and other charges. In this regard the guidelines indicated in the Fair Practices Code about transparency in respect of terms and conditions of the loans are kept in view.

**(viii) Amendment and Disclosure**

This Code may be reviewed and amended by the Risk Committee of the Board (or any Committee authorized by the Board of Directors thereof) of the Company at periodic rest or necessitated by subsequent amendment/ modification in the Master Directions issued by the Reserve Bank of India.

The Company shall disclose the Code on its website in English Language and share the policy in any vernacular language as required under the extant norms, if requested by any Customer.